



Lender Remittance Exceptions

Overview

Colson's database is programmed to edit all information reported on incoming 1502 reports on a daily basis. If multiple data lines appear per GP Number, the program automatically consolidates the information into a single line. After performing this daily "roll-up", the database cross-references the information using both SBA's prescribed reporting criteria and Colson's edit parameters. Detected discrepancies prompt appropriate error messages which are reported to the respective lenders. Listed below are 20 active FTA exception codes and their corresponding messages that may appear on the 1502 Dashboard and 1502 Dashboards. Numbers included in parentheses relate to SBA's parallel warning (Warn) or error (Err) codes displayed on the 1502 History within E-Tran's E-Lend Servicing/1502 Info. Helpful guidance is also provided outlining the appropriate action to be taken to resolve each exception. For each action, lenders should review completeness of reporting to avoid creating additional exceptions.

Lender Remittance Exceptions Processing

- Lender Remittance Exceptions are generated the night 1502 Reports are processed by the FTA and are available to lenders the very next business day.
- Exceptions should be immediately reviewed upon receipt and corrected online by the lender using the 1502 Dashboard. Strictly on a contingency basis, lenders may return corrected information to the FTA via the turnaround Lender Remittance Exception Report well in advance of the monthly cut-offs.
- Exceptions can only be corrected during month incurred and cannot be updated after the business day preceding to the conclusion of the 1502 reporting cycle (i.e. 2 calendar days prior to month end, or the prior business day if not a business day.)
- 1502 data elements used for the SBA Ongoing Servicing Fee calculations cannot be updated after the business day prior to the 20th of the month, or the prior business day if the 20th is not a business day. These data elements include:
 - Interest Rate
 - Guaranteed Portion Interest
 - Guaranteed Portion Principal
 - Calendar Basis
 - # of Days
 - Guaranteed Portion Closing Balance

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FTA EXCEPTION CODE (SBA CODE): # 1 (1005)

Term Loans:

Next Installment Due Date Must be provided and must be a valid date (i.e. actual date, 2/29 or 2/30).

Revolving Loans:

SBA's System may not reflect the correct Guaranty Service Status Code for this loan. Next Installment Due Date must be provided and must be a valid date (i.e. actual date, 2/29 or 2/30).

Condition:

The Next Installment Due Date was left blank or contained an invalid date. A Next Installment Due Date is required for all Active-Disbursed loans with an outstanding balance.

Effective Mid-March 2017, the Next Installment Due Date is the primary data element used by SBA to determine currency for both term and revolving loans.

Action to be taken:

- Based on the status of the loan, update the Next Installment Due Date on the 1502 Dashboard:
 - Current Date of next scheduled payment
 - Past Due Date of the first missed scheduled payment
 - Deferred (Status 4) Date borrower is to resume making payments according to their Note

Exclusion(s):

- Next Installment Due Date is not required for revolving loans temporarily paid down to \$0.00. Loan must be classified as a revolving line of credit within SBA E-Tran's E-Lend Servicing (i.e. "Is this a Revolving Line of Credit?" check box).
- Next Installment Due Date is not required for 1502 reporting of Status Codes 5 (Liquidation); 6 (Paid-in-Full); 7 (Transferred); 8 (Purchased) or 9 (Fully Undisbursed).



FTA EXCEPTION CODE (SBA Code): # 2 (1035)

SBA's System will not update subject loan. Guaranteed Portion Closing Balance must be greater than zero.

Condition:

The Guaranteed Portion Closing Balance was left blank or \$0.00. An outstanding guaranteed balance must be provided for every line of 1502 reporting on loans that have been disbursed.

Action to be taken:

- If the loan has an outstanding balance, update a Guaranteed Portion Closing Balance greater than \$0.00 on the 1502 Dashboard.

OR

- If the loan is paid-in-full, indicate Status Code 6 on the 1502 Dashboard.

OR

- If the loan is a revolver temporarily paid down to \$0.00, access SBA E-Tran's E-Lend Servicing to update the "Is this a Revolving Line of Credit?" check box.

OR

- If the loan has never been disbursed (i.e. Fully Undisbursed), indicate Status Code 9 and provide the gross loan approval amount as the Amount Undisbursed on Total Loan on the 1502 Dashboard.

Exclusion(s):

- Revolving Loans temporarily paid down to \$0.00 are not subject to the FTA Exception Code # 2 (1035) validation. Loan must be classified as a revolving line of credit within SBA E-Tran's E-Lend Servicing (i.e. "Is this a Revolving Line of Credit?" check box).



FTA EXCEPTION CODE: # 3

Reported Guaranty Service Status Code 4 Deferred must have a Next Installment Due Date that is after the 1502 Month Ending date.

Condition:

The Next Installment Due Date reported was not after the 1502 Month-End Date. For Status Code 4 (Deferred) reporting, the Next Installment Due Date should reflect the date borrower is to resume making payments according to their Note following the current month-end date.

Action to be taken:

- Provide an updated Next Installment Due Date on the 1502 Dashboard.

OR

- Remove the Status Code 4 (Deferred) on the 1502 Dashboard if reported in error.



FTA EXCEPTION CODE: # 4

Reported Guaranty Service Status Code 6 Paid-in-Full must have a zero balance and no undisbursed funds.

Condition:

Status Code 6 (Paid-in-Full) was reported, but an amount greater than \$0.00 was entered in the Guaranteed Portion Closing Balance column or the Amount Undisbursed on the Total Loan column. These columns should contain \$0.00 if the loan is Paid-in-Full.

Action to be taken:

- Update the Guaranteed Portion Closing Balance **and** Total Amount Undisbursed to \$0.00 on the 1502 Dashboard.

OR

- Remove the reported Status Code 6 on the 1502 Dashboard if reported in error. Lender should review completeness of reporting to avoid creating additional exceptions.



FTA EXCEPTION CODE: # 5

Reported Guaranty Service Status Code 9 Fully Undisbursed should not have a reported Guaranteed Portion Closing Balance.

Condition:

Status Code 9 (Fully Undisbursed) was reported, but an amount greater than \$0.00 was entered in the Guaranteed Portion Closing Balance column. This column should contain \$0.00.

Action to be taken:

- Update the Guaranteed Portion Closing Balance to \$0.00 on the 1502 Dashboard.

OR

- If the loan has been disbursed, remove Status Code 9 and provide the Amount Disbursed This Period on Total Loan on the 1502 Dashboard.



FTA EXCEPTION CODE: # 6

Amount Disbursed This Period on Total Loan must be a positive value.

Condition:

A negative amount was reported in the Amount Disbursed This Period on Total Loan column. Do not report negative numbers on the 1502 Form.

Action to be taken:

- Provide an updated Amount Disbursed This Period on Total Loan that is greater than or equal to \$0.00 on the 1502 Dashboard.



FTA EXCEPTION CODE: # 7

Amount Undisbursed must be a positive value.

Condition:

A negative amount was reported in the Amount Undisbursed on Total Loan column. SBA loans may not be disbursed in excess of the loan's gross approved amount. Do not report negative numbers on the 1502 Form.

Action to be taken:

- Provide an updated Amount Undisbursed on Total Loan that is greater than or equal to \$0.00 on the 1502 Dashboard.



FTA EXCEPTION CODE: # 8

An interest rate must be provided and must be a valid rate.

Condition:

The Interest Rate column was left blank or contained an invalid rate. An interest rate should be reported as the applicable rate for the reported Interest Period.

Unsold Loans = Note Rate

For example, if Prime equals 3.25%, a Prime + 2.00% unsold loan should be reported as 5.25%.

Sold Loans = Note Rate – Lender Servicing Fee

For example, if the Note Rate is 5.25%, a sold loan where the lender retains a 1.00% servicing fee should be reported as 4.25%.

Action to be taken:

- Provide an updated Interest Rate on the 1502 Dashboard.

Exclusion(s):

- If no interest payment was received, the Interest Rate column may be left blank. 1502 Reporting with Guaranteed Portion Interests equal to \$0.00 are not subject to the FTA Exception Code # 8 validation.



FTA EXCEPTION CODE (SBA Code): # 9 (1004)

Term Loans:

SBA's System may not reflect the correct Guaranty Service Status Code for this loan. Interest-To-Date must be provided and must be a valid date.

Revolving Loans:

Interest-To-Date must be provided and must be a valid date (i.e., actual date, 2/29 or 2/30).

Condition:

The Interest-To-Date was left blank or contained an invalid date. An Interest-To-Date is required for all loans with an outstanding balance.

Effective Mid-March 2017, the Interest-To-Date is the secondary data element used by SBA to determine currency for both term and revolving loans. Interest-To-Date is utilized only in absence of a reported Next Installment Due Date.

Action to be taken:

- Provide an accurate Interest-To-Date on the 1502 Dashboard based on the following criteria:
 - If the borrower made a payment, report the Interest-To-Date as of the applied payment.
 - If the borrower did not make a payment, report the Interest-To-Date as of the last borrower payment that included interest.
 - If the borrower has not made its first payment yet, but the loan has been disbursed, report the Interest-To-Date as the date of the first disbursement.
 - For Status Codes 4 – 8, report the Interest-To-Date as of the last borrower payment that included interest.



Exclusion(s):

- Interest-To-Date is not required for revolving loans temporarily paid down to \$0.00 when both Guaranteed Portion Interest and Guaranteed Portion Principal are also \$0.00. Loan must be classified as a revolving line of credit within SBA E-Tran's E-Lend Servicing (i.e. "Is this a Revolving Line of Credit?" check box)
- Interest-To-Date is not required for Status Code 9 (Fully Undisbursed) reporting.



FTA EXCEPTION CODE: # 10

INTENTIONALLY LEFT BLANK

FTA EXCEPTION CODE: # 11

INTENTIONALLY LEFT BLANK

**FTA EXCEPTION CODE: # 12**

Reported SBA GP Number not identified on SBA's System.

Condition:

The SBA loan number reported in the GP Number column was not recognized on SBA's database due to incorrect reporting or data entry. A 10-digit SBA loan number must be entered for each line of reporting. Per SOP 50 10(F), 1502 reporting must be submitted in an electronic format.

Action to be taken:

- Provide an accurate 10-digit SBA Loan Number on the 1502 Dashboard. SBA fees and guaranty loan status information reported on SBA Form 1502 cannot be sent to SBA for loan numbers that are unidentifiable on SBA's System.

Exclusion(s):

- 1502 data elements used for the SBA Ongoing Servicing Fee calculations can be updated after the business day preceding the 1st FTA Data Transmission to SBA if these updates coincide with the resolution of FTA Exception Code # 12.



FTA EXCEPTION CODE (SBA Code): # 13 (1011)

This is a courtesy message that SBA's System shows this loan as Cancelled, Paid-in-Full, Charged Off or Sold in Asset Sale. Cancelled loans may be due to the expiration of SBA's guaranty. Discontinue reporting if the loan is no longer active. If the loan is active, contact your SBA Servicing Center.

Condition:

SBA's database indicates that the loan is no longer active.

Action to be taken:

- If the loan is active and the SBA Guaranty is intended, a written request must be submitted to the appropriate SBA Loan Center. Your written request must include a reasonable explanation as to how the loan was mistakenly coded PIF, along with a certification that the guaranty fee has been paid. SBA in its sole discretion may reinstate the guaranty.
- If the SBA cancelled the guaranty due to lack of guaranty fee payment, a written request must be submitted to the appropriate SBA Loan Center based on the specific requirements outlined in SOP 50 10.

OR

- If the SBA Guaranty is inactive, the loan should be removed from future SBA 1502 reporting. Per SOP 50 57, any loan payments collected by Lender post-guaranty purchase should be reflected on SBA Form 172 (Transaction Report on Loan Serviced by Lender).

Note: Lender response on the 1502 Dashboard is not required for either action.



FTA EXCEPTION CODE (SBA Code): # 14 (1042)

SBA's System will not update for subject loan. Outstanding balance plus amount undisbursed exceeds the net approval for loan. Please ensure the closing balance reported is for the guaranteed portion of the loan.

Condition:

The total outstanding loan balance (which is calculated by the FTA based on the loan's guaranty percentage and reported Guaranteed Portion Closing Balance) plus the amount undisbursed equals to an amount greater than SBA's gross approval amount for the loan.

Action to be taken:

- Verify that the closing balance reported on the 1502 is for the guaranteed portion. Conversely, the Amount Undisbursed on Total Loan amount should be for the gross, 100%, portion. Provide an updated Guaranteed Portion Closing Balance **and** Amount Undisbursed on Total Loan on the 1502 Dashboard.

OR

- If the guaranty percentage or gross approval amount of a loan contained in the lender's loan documentation differs from that in SBA E-Tran, submit a written request to the appropriate SBA Loan Center.



FTA EXCEPTION CODE: # 15

INTENTIONALLY LEFT BLANK



FTA EXCEPTION CODE: # 16

SBA's status shows loan in liquidation. Must report loan with a Status Code 5.

Condition:

SBA's database indicates that the loan is in "In Liquidation". Status Code 5 must be reported on SBA Form 1502 until the status of the loan changes.

Action to be taken:

- Update the Status Code to 5 on the 1502 Dashboard if the loan is in liquidation.

OR

- If the loan should be removed from liquidation status and returned to regular servicing, submit a written request to the appropriate SBA Loan Center. Reference SOP 50 57 for guidance on when loans should be removed from liquidation status.

Note - Occurrences may increase mid-reporting cycle if loan is placed into In Liquidation Disbursed status via E-Tran. Lender should periodically review 1502 Dashboard for required action.



FTA EXCEPTION CODE (SBA Code): # 17(1030)

This is a warning message that Guaranteed Portion Principal was not reported and the Guaranteed Portion Closing Balance was reduced from the last balance accepted by SBA. Please provide the Guaranteed Portion Principal to reduce the closing balance or if the reported closing balance is unchanged from the prior 1502 report, access SBA E-Tran Servicing/1502 Info to review loan rejection errors (ERR) triggered by prior reporting that prevented the loan balance to update.

Condition:

The total outstanding loan balance (which is calculated by the FTA based on the loan's guaranty percentage and reported Guaranteed Portion Closing Balance) was lower than the last balance accepted by SBA. However, the Guaranteed Portion Principal column was \$0.00 or blank.

Possible causes:

- Lender did not properly report the guaranteed portion of the borrower's principal payment that reduced the closing balance
- Lender reported an incorrect Guaranteed Portion Closing Balance
- Lender's reported Guaranteed Portion Closing Balance is correct, but previous 1502 reporting encountered reporting errors that prevented SBA's System from accepting the lower balance during a prior reporting period.



Action to be taken:

- If the Guaranteed Portion Closing Balance was reduced by an actual borrower payment received during the month-end reporting period, provide a Guaranteed Portion Principal payment amount greater than \$0.00 on the 1502 Dashboard.

OR

- If the Guaranteed Portion Closing Balance was reported incorrectly, provide an updated Guaranteed Portion Closing Balance on the 1502 Dashboard.

OR

- If the reported Guaranteed Portion Closing Balance is correct and there was no borrower principal payment activity during the month-end reporting period, review the 1502 History listed in SBA E-Tran for any reporting errors (ERR column) that need to be resolved before SBA's System will accept a balance update. SBA's System will only accept a balance update from reporting that has taken into account and resolved all existing E-Tran ERR messages.



FTA EXCEPTION CODE (SBA Code): # 18 (1031)

SBA will not update this record since SBA's System shows this loan as Approval Fully Undisbursed. Undisbursed loans cannot be reported as purchased. If the loan has or will be purchased, contact your SBA Servicing Center.

Condition:

Lender reported loan as Status Code 8 Purchased by SBA. However, SBA's System still shows the loan as Approval Fully Undisbursed with no outstanding balance eligible for purchase.

Action to be taken:

- Remove the Status Code 8 on the 1502 Dashboard if reported in error. Lender should review completeness of reporting to avoid creating additional exceptions.

OR

- If the loan has or will be purchased, contact the appropriate SBA Guaranty Purchase Center to resolve.



FTA EXCEPTION CODE (SBA Code): # 19 (1038)

SBA will not update this record as Paid-in-Full since SBA's System shows the loan as Approved Fully Undisbursed. Lender must provide proper reporting of disbursements and payment activity prior to reporting Guaranty Service Status Code 6.

Condition:

Lender reported loan as Status Code 6 Paid-in-Full. However, SBA's System still shows the loan as Approval Fully Undisbursed. Lenders must report all loan activity (i.e. disbursements; borrower payments) and pay all associated SBA guaranty fees before marking a loan as Paid-in-Full.

Action to be taken:

- Remove the Status Code 6 on the 1502 Dashboard if reported in error. Lender should review completeness of reporting to avoid creating additional exceptions.

OR

- If all loan activity was not previously reported, report all disbursements, guaranteed portions of borrower payments and outstanding SBA ongoing servicing fees on a separate SBA Form 1502. Since SBA's System will not update from Approved Undisbursed status directly to Paid-in-Full, Status Code 6 reporting should then be submitted the month following the loan activity "catch-up" 1502.

OR

- If all loan activity was previously reported on SBA Form 1502 and all required SBA fees have been paid, contact the appropriate SBA Loan Center to discuss updating the status to Paid-in-Full.

**FTA EXCEPTION CODE: # 20**

This is a courtesy message that the SBA guaranty will no longer exist on this loan, as it has been reported Paid-in-Full. If reported Paid-in-Full in error, please verify the loan status on SBA E-Tran's E-Lend Servicing and contact the appropriate SBA Servicing Center to possibly reinstate the loan, as necessary.

Condition:

Lender reported revolving loan as Status Code 6 Paid-in-Full. Due to past occurrences of erroneous Status Code 6 reporting on revolving loans temporarily paid down to \$0.00, this courtesy message is generated as a reminder that Status Code 6 reporting will update SBA's System and close out the guaranty.

Action to be taken:

- If Status Code 6 reporting on SBA Form 1502 was correct, a Lender response on the 1502 Dashboard is not required.

OR

- Verify the loan status on SBA E-Tran's E-Lend Servicing and contact the appropriate SBA Servicing Center to possibly reinstate the loan.



FTA EXCEPTION CODE (SBA Code): # 21 (1048)

SBA will not update this record since SBA's System shows this loan as Approval Fully Undisbursed. If the loan is Fully Undisbursed, please report a Guaranty Service Status Code 9; otherwise an Amount Disbursed this Period on Total Loan must be provided.

Condition:

Lender reported loan as Current, Past Due or Deferred. However, SBA's System still shows the loan as Approval Fully Undisbursed.

Action to be taken:

- If the loan is Fully Undisbursed, indicate Status Code 9 and provide the gross loan approval amount as the Amount Undisbursed on Total Loan on the 1502 Dashboard.

OR

- If the loan has been disbursed, provide the aggregate of all loan disbursements for the Amount Disbursed This Period on Total Loan on the 1502 Dashboard.

Exclusion(s):

- Loans reported with Status Codes 5 (Liquidation); 6 (Paid-in-Full); 7 (Transferred); 8 (Purchased) or 9 (Fully Undisbursed) are not subject to the FTA Exception Code # 21 (1048) validation.



FTA EXCEPTION CODE (SBA Code): # 22 (1033)

SBA's System will not update subject loan. Amount Undisbursed must be equal to the net approval amount when reporting a Guaranty Service Status Code 9.

Condition:

Lender reported loan as a Status Code 9 (Fully Undisbursed) with a Guaranteed Portion Closing Balance of \$0.00. However, the reported Amount Undisbursed on Total Loan was not equal to the gross loan approval amount net any gross cancelled amount.

Action to be taken:

- If the loan is Fully Undisbursed, provided an updated Amount Undisbursed on Total Loan equal to the gross loan approval net any gross cancelled amount on the 1502 Dashboard.

OR

- If the gross loan approval net any gross cancelled amount of the loan contained in the lender's loan documentation differs from that in SBA E-Tran, submit a written request to the appropriate SBA Loan Center.



FTA EXCEPTION CODE: # 23

SBA's System will not update for subject loan. Guaranty Service Status Code cannot be determined. Lender must provide a valid Next Installment Due Date and Interest Paid-To-Date.

Condition:

FTA Exception Code # 23 is generated in lieu of FTA Exception Code # 1 (Next Installment Due Date was blank/invalid) and FTA Exception Code # 9 (Interest-To-Date was blank/invalid) when both conditions exist.

Action to be taken:

- Follow respective actions for FTA Exception Code # 1 and FTA Exception Code # 9.